

## ECONOMY AND LABOUR MARKET

# GDP Quarterly National Accounts, Scotland

## 2021 Quarter 2 (April-June)

3 November 2021

This publication includes the updated second estimate of onshore GDP growth in real terms for the second quarter of 2021, along with additional breakdowns of GDP by categories of income and expenditure, and key household sector economic statistics.

### Key results

In 2021 Quarter 2 (Apr-Jun), Scotland's onshore GDP is estimated to have grown by 5.6% compared to the previous quarter, revised up from the previous estimate 4.7% growth published on 15 September.

In quarterly terms, the level of GDP is now 2.9% below the level in 2019 Quarter 4 (Oct-Dec), prior to the impacts of the coronavirus (COVID-19) pandemic.

In Quarter 2 there was growth of 6.1% in the services sector, 4.2% in the production sector, and 3.8% in the construction. The largest contributors to growth were from the subsectors which were most directly impacted by the gradual easing of restrictions which had been in place since the start of the year, and which had seen the greatest falls in output in Quarter 1, such as education, accommodation and food services, and other personal services.

### Information About This Release

**The coronavirus pandemic has led to a number of challenges in collecting and processing the data to calculate GDP. As a result, estimates from 2020 onwards are subject to more uncertainty than usual and may be more prone to revision over time.**

Over the last year, the Scottish Government has developed faster monthly estimates of GDP growth. The [experimental GDP statistics for August 2021](#) were also published on 3 November.

## Contents

Second estimate of onshore GDP growth in real terms	3
GDP in nominal terms, onshore and wider economy	4
Household sector income accounts	5
Revisions	6
Background notes	7

## About the GDP Quarterly National Accounts

This publication includes the second estimate of onshore GDP growth for 2021 Quarter 2 (April to June), which uses additional data released since the GDP First Estimate published on 15 September 2021. The results in this release are comparable to the UK Quarterly National Accounts for Quarter 2 published on 30 September 2021.

In addition to the second estimate of onshore growth in real terms, the GDP Quarterly National Accounts also includes:

- Total GDP in nominal (cash) terms for the onshore economy and also the wider economy including offshore activities
- Onshore GDP in nominal terms broken down using all three of the output, expenditure and income approaches
- Experimental statistics estimates of the expenditure approach to GDP in real terms
- Household Sector income and expenditure accounts for Scotland, including Gross Disposable Household Income (GDHI) and the Household Savings Ratio
- Public sector revenues.

## Data

This publication includes a short summary of key results from the latest statistics.

Full results for all components are available in the following downloadable tables:

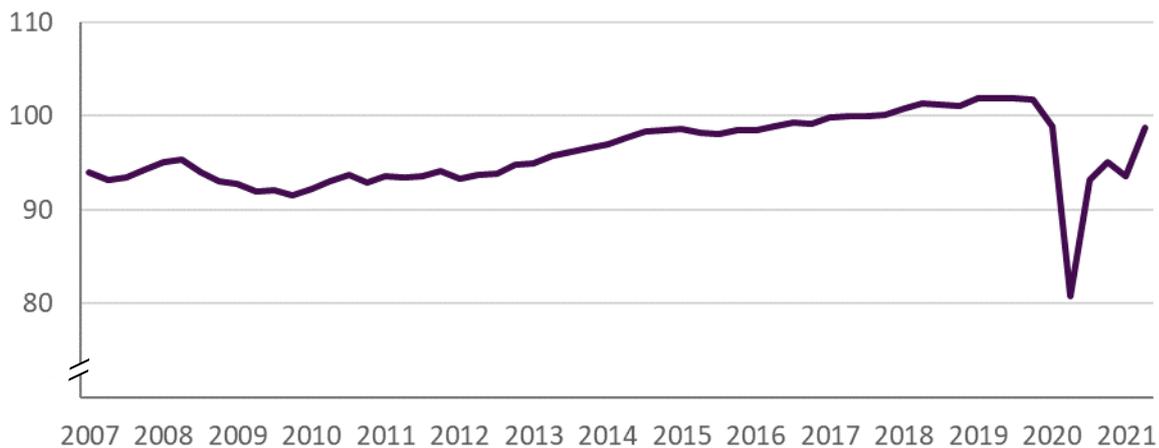
1. Onshore GDP by industry in real terms, second estimate (xlsx)
2. Other Quarterly National Accounts Summary Tables (xlsx)
3. Detailed Supplementary Tables (xlsx)

## Second quarterly estimate of onshore GDP growth for 2021 Quarter 2

Scotland’s onshore GDP (i.e. excluding offshore oil and gas) is estimated to have grown by 5.6% in real terms during 2021 Quarter 2 (April to June), revised up from the previous estimate of 4.7% published in September. In order to make use of updated information from the UK Quarterly National Accounts, the estimates in this release have been open for revision back to the start of 2018. Further information on revisions can be found on page 6.

Compared to the same quarter last year, when the first national lockdown period was in operation, Scotland’s GDP has grown by increased by 22.2%. However, users should note that the change over the year measure is subject to a strong effect from the low base level last year, which makes it difficult to interpret the scale of this change. Compared to the pre-pandemic level in 2019 Quarter 4, output remains down by 2.9%.

**GDP volume measure, Scotland onshore (2017=100)**



In Quarter 2 there was growth of 6.1% in the services sector, with increases in eleven of the fourteen subsectors. The largest increases were in those sectors which were most directly impacted by the gradual easing of the lockdown restriction which had been in place since the start of the year, including education (+13.7%), accommodation and food services (+113.3%), and other personal services (+50.4%).

Output in the production sector increased by 4.2%, with increases in all four subsectors. Within production, manufacturing output increased by 5.2% during quarter 2, with increases in every main industry group except for transport equipment.

In the construction sector, output is estimated to have increased by 3.8% during quarter 2.

The recently developed [Monthly GDP](#) estimates (which are experimental statistics) give a more detailed indication of the trends for each industry sector, and include results up to August 2021.

Results from the [Business Impact of Coronavirus Survey \(BICS\)](#) for Scotland are also being published, covering aspects of trading status, workforce status and financial performance.

## GDP in nominal terms

In the four quarters to 2021 Quarter 2, annualised onshore GDP is estimated to have been £161.9 billion in total, or £29,595 per person. Although this has increased from a lower value in 2020, it remains below the value of £167.1 billion in 2019.

In terms of the income approach to GDP, the largest part of the fall in nominal GDP relative to pre-pandemic levels is accounted for by a decline in the value of taxes less subsidies on products and production. This reflects both a decrease in tax revenue, such as VAT, and an increase in subsidies. The increase in subsidies primarily relates to the Coronavirus Job Retention Scheme (CJRS) and Self Employment Income Support Scheme (SEISS). Gross Operating Surplus, which mostly represents company profits, has also fallen compared to 2019. Compensation of Employees (mostly wages and salaries) has increased over this time, supported in part by the increased subsidies.

Including oil and gas extraction in Scottish waters, Scotland's GDP in the four quarters to 2021 Quarter 2 is estimated to be £169.5 billion in total, or £30,956 per person. This is down from a value of £180.7bn in 2019, which reflects the impact of lower oil prices during 2020 as well as the reduced GDP in the onshore economy.

Although GDP statistics in real terms are available for the onshore economy only, estimates of GDP in nominal terms are produced for both the onshore and wider economy including oil and gas extraction. These are widely used for international comparisons and fiscal analysis. A range of other statistics on oil and gas activity in Scottish waters is available at <https://www.gov.scot/collections/economy-statistics/>.

## Additional measures of economic activity and wellbeing

GDP (or GDP per person) is the most widely known indicator of economic activity and is frequently used to make comparisons between places or over time. There are also a range of other measures which can be used to indicate different aspects of economic activity and wellbeing.

Within this publication, Gross Disposable Household Income (Page 5) is the most comprehensive direct measure of the money earned by people in Scotland, including income earned in other parts of the UK or abroad, and accounting for transfers such as pensions, taxes and benefits.

Gross National Income (GNI) is a measure which accounts for income flows between countries or territories for all sectors of the economy, such as outflows of profits generated by foreign owned companies. Experimental estimates of GNI, last updated for 2017, are available [here](#).

Labour productivity statistics, which report GDP per job or per hour worked are available [here](#). Productivity statistics releases have been temporarily paused while we focus on faster indicators of output and deal with the challenges of estimating GDP during the COVID-19 pandemic. The latest estimates are for 2019 Quarter 4.

Looking beyond GDP and the economy, Scotland's National Performance Framework (NPF) includes a range of economic, social and environmental indicators which give a wider indication of national wellbeing. Further information can be found at [nationalperformance.gov.scot](https://nationalperformance.gov.scot).

## Gross Disposable Household Income (GDHI)

Gross Disposable Household Income (GDHI) is a measure of how much money the population has for spending or saving after earnings and transfers such as pensions, taxes and benefits are accounted for. GDHI includes income earned in other areas of the UK or from abroad (for example, offshore workers’ income or income from overseas investments) which are not part of onshore GDP.

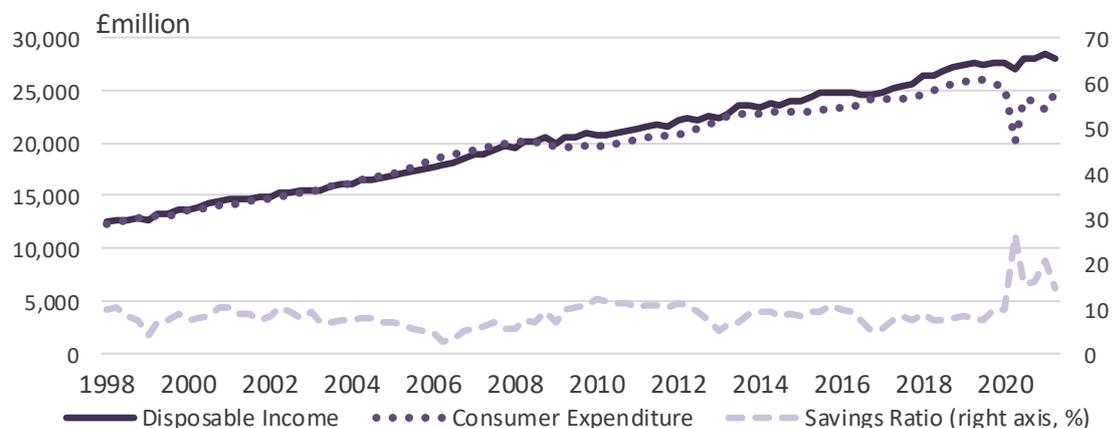
In 2021 Quarter 2, GDHI is estimated to have increased by 4.1% in nominal terms (without adjusting for inflation) over the year compared to 2020 Quarter 2, which partly reflects a rebound from the low levels of income at that time during the first lockdown period. GDHI is 1.5% higher in nominal terms than the pre-pandemic level in 2019 Quarter 4. The impact of the Coronavirus job retention scheme is one reason why the income of the household sector has not fallen as much as other components of GDP, and there is a clear difference between compensation of employees (up 4.6% compared to pre-pandemic levels) and self-employed mixed income (down 4.1% compared to pre-pandemic levels).

## Household Savings Ratio

In National Accounts, gross saving is calculated by subtracting Household consumer expenditure from disposable income. This broadly represents funds which are available for adding to savings or paying off debt, although it also includes large values of non-cash transactions such as the imputed rent of owner-occupiers within both the income and expenditure components. It is not a measure of actual deposits made to savings accounts, or of savings accounts balances, but is a useful indicator of trends in overall household finances, and has been strongly impacted during the coronavirus pandemic.

In 2021 Quarter 2, the total value of household expenditure is estimated to have increased by 22.1% compared to the same period last year, reflecting an increase from the first lockdown period. In contrast, the total income resources of the household sector have increased by 5.3% over that period. This means that the value of gross saving has decreased over the last year. The Household Savings Ratio is another way of presenting this saving as a proportion of disposable income. In the latest quarter, the Household Savings Ratio in Scotland is estimated at 14.4 per cent, which down sharply from the peak of 26.2 per cent in 2020 Quarter 2, when expenditure was curtailed during lockdown, but still above the average value of 8.4 per cent in 2019.

### Household sector income, expenditure and saving

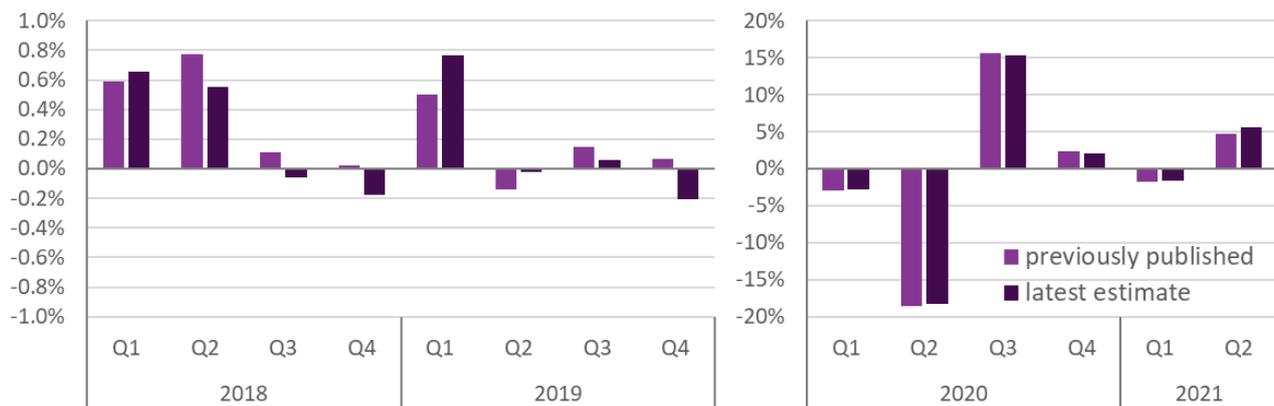


## Revisions

In this release, Scotland’s onshore GDP in volume terms has been open for revision back to 2018 Quarter 1. This is to enable the industries which are estimated using some component of UK GDP to be consistent with the revised UK Quarterly National Accounts published on 30 September. Periods before 2018 are currently closed to revisions until the GDP weights and Supply and Use Tables are updated to the periods 1998-2018. In other components of GDP and the national accounts, annual revisions are also open back to 2018 in nominal terms.

The latest estimates of quarterly growth are compared to the previous estimates in the charts below, and further details can be found in GDP Table R1.1.

Revisions to GDP quarterly growth



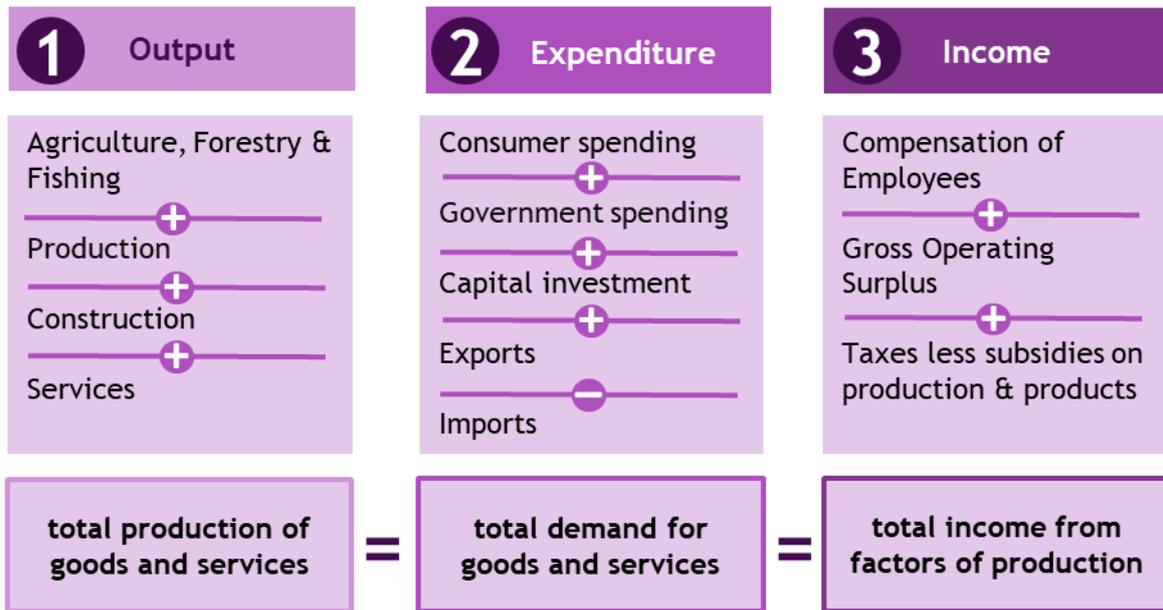
The main sources of revision back to 1998 Quarter 1 are in the industries where growth is estimated based on the equivalent industry for the UK as a whole, for example the regional bank income share of UK banking GVA. Notable revisions are seen across financial services, mining and quarrying, real estate, construction, and parts of transport services. The single largest contributor to the upward revision in the latest quarter was an increased estimate of health output across the UK due to improved data and methods covering activity during the coronavirus pandemic.

In nominal terms, the revisions to total GDP since 2018 are small, with negligible changes to the components of the income approach. In the expenditure approach to GDP there are larger revisions due to the wider use of top-down estimation methods which make direct use of the revised components of UK GDP. This has been the main cause of revisions to Households Final Consumption Expenditure and Government Final Consumption Expenditure. Estimates of exports to the rest of the world have been revised using the latest results published in Exports Statistics Scotland, with exports now growing broadly in line with that publication for 2018 and 2019 (but constrained to the Supply and Use Tables in earlier years). As a consequence of revisions to these components of demand, adjustments are also required to supply, with revised estimates of imports and changes in inventories (part of gross capital formation) to ensure that supply and demand remain balanced for each of the goods and services included in GDP.

Information on the publication model for Scotland’s GDP, including the revisions policy and the routine data updates between the first estimate and quarterly national accounts, can be found at <https://www.gov.scot/publications/gdp-background-documents/>.

## About the GDP Quarterly National Accounts

Gross domestic product (GDP) is the main indicator of economic activity in Scotland. There are three ways to measure GDP which should all produce the same result. Each of these approaches allows GDP to be broken down into different categories.



The GDP Quarterly National Accounts covers all three approaches to GDP and their breakdowns in **current prices** (cash terms, unadjusted for inflation) for the onshore economy. Estimates of onshore GDP in **real terms** are available using the output approach, and are now also available for the expenditure approach as experimental statistics.

The GDP Quarterly National Accounts also includes estimates of total GDP in current prices for the wider Scottish economy including an illustrative share of UK extra-regio (offshore and overseas) economic activity.

### Development Plan

The Scottish Fiscal Commission publishes an annual Statement of Data Needs ([link](#)). These outline the data the SFC requires for its forecasts and highlights priorities for new or improved data. Information on the plans relating to these priorities is available [here](#).

### Next publications

GDP Monthly Estimate (experimental statistics), September 2021	24 November 2021
GDP First Quarterly Estimate (national statistics), 2021 Quarter 3	15 December 2021
GDP Quarterly National Accounts (national statistics), 2021 Quarter 3	2 February 2021

[gdp\\_stats@gov.scot](mailto:gdp_stats@gov.scot)

[@ScotGovOCEA](https://twitter.com/ScotGovOCEA)

## A National Statistics publication for Scotland

Quarterly National Accounts for Scotland was assessed by the Office for Statistics Regulation (OSR) and designated as National Statistics in January 2014, signifying compliance with the Code of Practice for Statistics. Assessment Report 272 can be found at <https://www.statisticsauthority.gov.uk/publication/quarterly-national-accounts-scotland/>.

Designation can be interpreted to mean that the statistics: meet identified user needs; are produced, managed and disseminated to high standards; and are explained well.

Since the assessment there has been a programme of continuous improvement to the Quarterly National Accounts, including to the data used for capital investment and household earnings, and improved communication of the results. Some developments are ongoing and are clearly identified as experimental statistics in the release.

## Correspondence and enquiries

For enquiries about this publication, please contact:

John Dowens,  
National Accounts Unit,  
Office of the Chief Economic Adviser

e-mail: [john.dowens@gov.scot](mailto:john.dowens@gov.scot)  
or [economic.statistics@gov.scot](mailto:economic.statistics@gov.scot)

For general enquiries about Scottish Government statistics please contact:  
Office of the Chief Statistician, Telephone: 0131 244 0442,  
e-mail: [statistics.enquiries@gov.scot](mailto:statistics.enquiries@gov.scot)

## Complaints and suggestions

If you are not satisfied with our service or have any comments or suggestions, please write to the Chief Statistician, St Andrew's House, Edinburgh, EH1 3DG, Telephone: (0131) 244 0302, e-mail [statistics.enquiries@gov.scot](mailto:statistics.enquiries@gov.scot).

If you would like to be consulted about statistical collections or receive notification of publications, please register your interest at [www.gov.scot/scotstat](http://www.gov.scot/scotstat)

Details of forthcoming publications can be found at [www.gov.scot/statistics](http://www.gov.scot/statistics)

## Crown Copyright

You may use or re-use this information (not including logos) free of charge in any format or medium, under the terms of the Open Government Licence.

See: [www.nationalarchives.gov.uk/doc/open-government-licence/](http://www.nationalarchives.gov.uk/doc/open-government-licence/)